DataTrack 12

Twelfth in a series of reports which compile and interpret statistical information of direct concern to life insurance executives

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Population Residence and Home Ownership

American Council of Life Insurance
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Here is the latest volume in the American Council of Life Insurance's *DataTrack* publication series, *DataTrack 12*, "*Population Residence and Home Ownership*." The report looks at the changes in where people are living in the U.S. and trends in home ownership.

A few of the report's major findings include:

- Population increases in the West and South have been greater than anticipated by the most ambitious government projections. Ninety percent of the 23 million net growth in the U.S. during the 1970s occurred in the South and West. The "Sunbelt" now houses the majority of the American people.
- After decades of metropolitan dominance in annual population growth, nonmetropolitan areas have taken the lead. Although the nonmetropolitan growth outdistanced overall metropolitan growth during the 1970s, population in the suburbs grew the fastest of all.
- On the housing front, costs soared beyond what many would-be home buyers could afford. For the first time since the depression, America's rate of home ownership is beginning to decline.

Additional booklets are available. For more information about *DataTrack 12*, please contact Barbara Price at (202) 862-4109.

DataTrack 12

Population Residence and Home Ownership

The decade of the 1970s was one of significant change—including a few surprises—in the distribution of the population across the United States. Increases in the West and the South were greater than anticipated by the most ambitious government projections. And growth in nonmetropolitan areas outdistanced that in metropolitan counties after many decades of metropolitan dominance. On the housing front, costs soared beyond what many would-be home buyers could afford so that by the early 1980s, the rate of home ownership appeared to be declining for the first time since the Depression. *DataTrack 12* looks at these and other trends in where Americans are living.

"Population Residence and Home Ownership" is the latest in the series of reports by the American Council of Life Insurance on demographic topics of interest to life insurance executives. Each study compiles data from a variety of sources—mainly government—on issues that will have an impact on society and on the future of the life insurance business. *DataTrack* can be useful in the design of new products and services to meet changing consumer needs, the selection of new markets and marketing strategies, the formulation of new advertising, the long-range planning of corporate strategies, planning for changes in human resources, and for public relations generally.

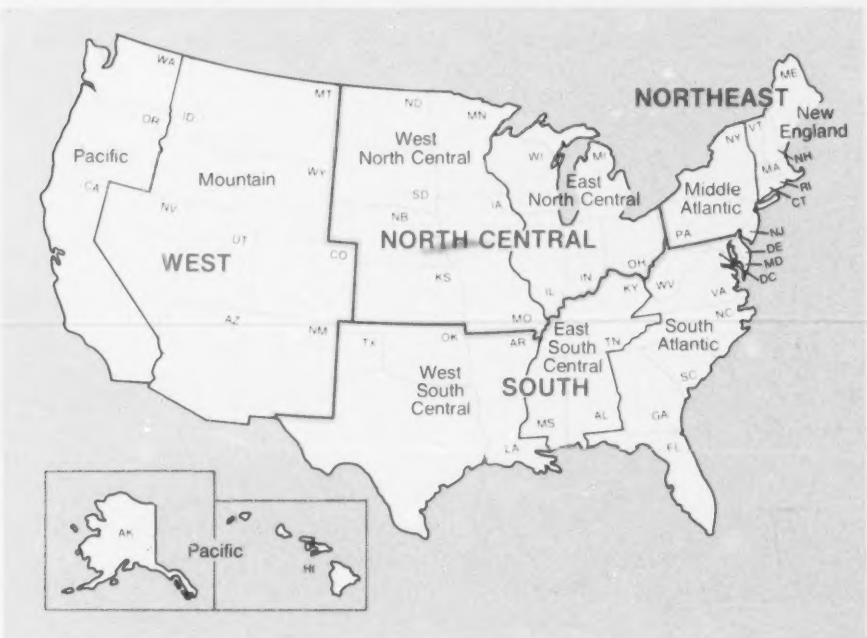
Definitions

Metropolitan – The metropolitan population consists of those people residing in a Standard Metropolitan Statistical Area (SMSA). Metropolitan areas are comprised of two sections: 1) a central city core and 2) the remaining areas (suburbs) surrounding the central city.

Nonmetropolitan – The nonmetropolitan population consists of those people residing in areas that are not part of an SMSA.

Standard Metropolitan Statistical Area (SMSA) – Except in New England, an SMSA is a county or group of contiguous counties which contains at least one city of 50,000 inhabitants or more, or "twin cities" with a combined population of at least 50,000. Other contiguous counties are considered to be an SMSA if, according to certain criteria, they are metropolitan in character and are socially and economically integrated with the central city. In New England, SMSAs consist of towns and cities, rather than counties. Note that, as of June 1983, the term SMSA was phased out and replaced by MSA (Metropolitan Statistical Area)—a free-standing metropolitan area, surrounded by nonmetropolitan counties and not closely related to other metropolitan areas; and PMSA (Primary Metropolitan Statistical Area)—a metropolitan area closely related to another.

Map of the U.S. Showing Census Divisions and Regions



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Summary

Regional Trends

- The U.S. gained over 23 million people in the 1970s. About 90% of this growth occurred in the South and the West. For the first time in American history, the "Sunbelt" houses the majority of the population.
- California gained the largest number of people (3.7 million) in the 1970s but Nevada grew the fastest of any state (64%). Except for the upper New England states, high growth areas were concentrated in the Southern and Western regions of the country.
- No growth areas included the Middle Atlantic states and the lower tier of New England during the 1970s.
- If current trends continue, the West will remain the nation's fastest growing region, with its population increasing by 45% by the year 2000. California will again lead in numerical population gain and will remain the largest state according to government projections. Texas and Florida are likely to surpass New York in population size by 2000.
- Interregional migration has become a decisive part of the formula for regional growth or decline. Between 1975 and 1980, the Northeast and North Central regions posted a net loss of nearly 2.7 million migrants to the South and West—a number nearly double that of the previous decade.
- The "average" resident of the Western region is younger and more highly educated than the typical resident of other U.S. regions. In addition, the West houses a higher proportion of Hispanics, and has higher median household and per capita incomes than other regions.
- The South ranks the lowest of any region in household and per capita income. One-third of America's householders 65 years and over are Southerners. According to the government's mid-range projections, the U.S. will have about the same proportion of older people in 2020 as Florida had in 1980—over 17%.

Metropolitan and Nonmetropolitan Changes

- The U.S. is largely a metropolitan nation, with 3 out of every 4 Americans residing in a metropolitan county. The growth of the population in metropolitan areas appears to have slowed during the 1970s.
- During the 1970s, nonmetropolitan areas grew faster than metropolitan areas, reversing a long-term trend. The South was the only region where metropolitan territories as a group increased more quickly than nonmetropolitan areas.
- Even though nonmetropolitan growth outdistanced overall metropolitan growth during the 1970s, population in the suburbs grew the fastest of all areas. But growth of suburbs in the 1960s was faster than in the 1970s.
- In the past decade, nonmetropolitan growth was fastest in less populated areas close to metropolitan areas.

- In the 1960s, large metropolitan areas of more than 1 million people grew more rapidly than the national average and the rates of smaller cities. But during the 1970s, growth rates of large cities plummeted from 1960 levels. Hardest hit were large cities in the Northeast which actually lost residents.
- When metropolitan areas are ranked in terms of the largest population gains during the last decade, two Florida areas (Fort Myers-Cape Coral and Oscala) led in percentage increase and two Texas areas (Houston and Dallas-Fort Worth) gained the most people.
- The metropolitan area losing the most population—in terms of both numbers and percent—was New York, NY-New Jersey.
- For many years, migration flow has been mainly from rural to urban areas. It was not until the early 1970s that more people moved away from metropolitan areas than into them.
- Most people who move out of central cities head for the suburbs.
- The majority of Americans say they would prefer to live in a suburb, in a small town, or on a farm, rather than in a city.

Trends in Home Ownership

- For the first time since the Depression, America's rate of home ownership is beginning to decline.
- About 65% of all American householders own their homes.
- People are more likely to be homeowners if they are White, between the ages of 45 and 64, and married.
- Renters typically have lower incomes than homeowners and the differences in income are becoming more pronounced. Among all home buyers, the proportion who were first-time buyers plummeted from 36.3% in 1977 to 13.5% in 1981.
- Between 1977 and 1981 the median purchase price of a home rose from $44,000 to $72,000 and monthly housing expenses doubled from $400 to over $800.
- Despite rising costs of owning a home, 7 in 10 people expect to own their next residence. But the house buying power of Americans appears to be declining as the gap between housing costs and housing affordability widens.
- Most Americans do not know how the various new mortgage plans work but once explained, several become acceptable to the public.

Regional Trends

1. The U.S. gained over 23 million people in the 1970s; about 90% of this growth was in the South and West.

Although the South and the West have accounted for a majority of U.S. population gains every decade since 1930, until recently the Northeast and North Central regions housed more people.[1] In the 1970s, however, population growth almost came to a halt in the Northeast and slowed considerably in the North Central region, while growth in the so-called Sunbelt dramatically outpaced the rest of the country. Census Day, April 1, 1980, confirmed for the first time the numerical dominance of the South and West, which now house over 52% of the American people.

Table 1

Population Growth, by Region and Census Division, 1960-1980

	Population (in thousands)*			Percentage Change	
Region and Division	**1960**	**1970**	**1980**	**1960-1970**	**1970-1980**
Northeast	44,678	49,061	49,137	9.8	0.2
New England	10,509	11,847	12,348	12.7	4.2
Middle Atlantic	34,168	37,213	36,788	8.9	- 1.1
North Central	51,619	56,590	58,854	9.6	4.0
East North Central	36,225	40,263	41,670	11.1	3.5
West North Central	15,394	16,328	17,184	6.1	5.2
South	54,961	62,813	75,349	14.3	20.0
South Atlantic	25,959	30,679	36,943	18.2	20.4
East South Central	12,050	12,808	14,663	6.3	14.5
West South Central	16,951	19,326	23,743	14.0	22.9
West	28,053	34,838	43,165	24.2	23.9
Mountain	6,855	8,290	11,368	20.9	37.1
Pacific	21,198	26,548	31,797	25.2	19.8
United States	179,311	203,302	226,505	13.4	11.4

**Resident U.S. population*

Note: Figures may not add to totals due to rounding.

Source: U.S. Bureau of the Census, Current Population Reports, Series P-20, No. 363.

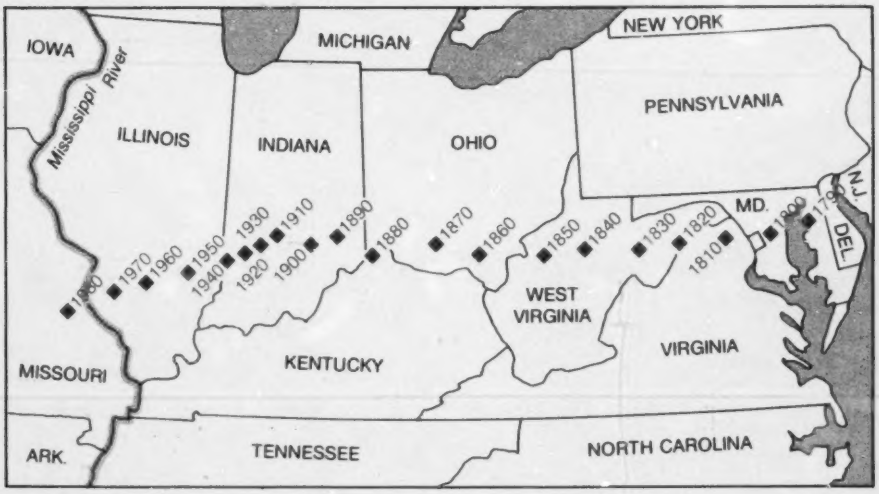
[1] *For map of United States detailing regions, census divisions and states, see Definitions, page 2.*

Between 1960 and 1980, the population of the Western region grew by 54%; the South, by 37%; the North Central region, by 14% and the Northeast, by 10% (see Table 1). The American population is shifting away from the older, more industrialized, densely settled North to the less industrialized, more sparsely settled South and West.

This shift to the South and the West is confirmed by the "center of the population" identified in the 1980 Census. Imagine that the United States is a flat, weightless surface; each person weighs the same and stands on the surface where he or she lives. The point at which the plane balances is the "center of the population." This center was located west of the Mississippi for the first time since the Census was begun in 1790, at a spot about 1 mile west of DeSota City Hall in Jefferson County, Missouri (see Figure A).

Figure A

Center of Population, 1790-1980



Source: U.S. Bureau of the Census, Statistical Abstract of the United States, *1982-83.*

2. During the 1970s, California gained the largest number of people (3.7 million) but Nevada grew the fastest of any state (64%).

Compared with the 1960s, variations in growth patterns among states accelerated and became more pronounced in the 1970s. For example, states in the Western Mountain division rapidly expanded between 1970 and 1980, increasing their total population by 37% compared with a 21% increase in the 1960s. In contrast, growth in the Middle Atlantic division stagnated during the 1970s. New York actually lost nearly 4% of its population—equal to a city roughly the size of the District of Columbia.

Pennsylvania nearly broke even with a 0.6% growth and New Jersey managed a gain of about 3%, down from 18% the previous decade.

Growth in New England was mixed, with the lower tier of states—Massachusetts, Rhode Island and Connecticut—barely growing at all and the upper tier (Maine, New Hampshire and Vermont) posting above-average gains that exceeded those of the 1960s.

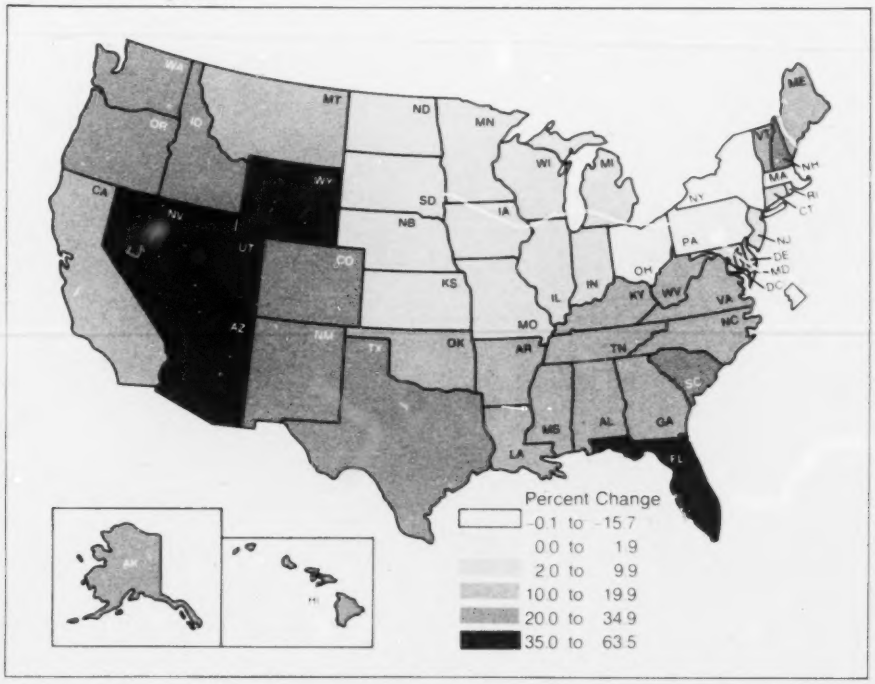
Figure B contrasts the high growth states of the 1970s (the darker shades) with the slow growth states (the lighter shades). Except for the upper New England states, high growth areas all fell in the Southern and Western regions of the country during the past decade.

Estimates of population change since the 1980 Census show first-time losses in some North Central states (Michigan, Indiana, Ohio, and Iowa) but a reversal in New York State, which posted a gain of 101,000 persons from April 1980 to July 1982.[2]

Figure B

Population Growth, by State, 1970 to 1980

U.S. increase 11.4 percent



Source: U.S. Bureau of the Census, Current Population Reports, *Series P-20, No. 363.*

[2] *U.S. Bureau of the Census,* Current Population Reports, *Series P-25, No. 930.*

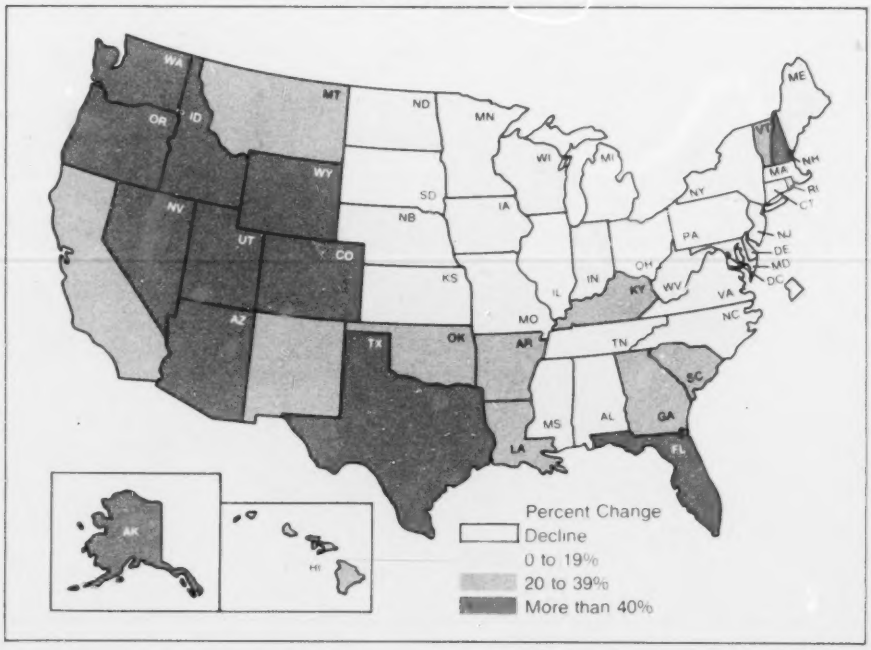
3. Over the next two decades, the West will continue to be the nation's fastest growing region, with its population increasing by 45%, from 43.2 million in 1980 to 62.5 million in 2000, if current trends continue.

By the turn of the century over 60% of the American population will live in the West and the South, up from 52% in 1980, according to the most recent government projections (see Figure C). The Northeast will lose 2.7 million people between 1980 and 2000, while the North Central region's population in 2000 will be just about the same as it was in 1980. California, which will again lead in numerical population gain, will remain the largest state, but Texas and Florida are likely to surpass New York in population by the year 2000, reports the Census Bureau.

The government projections in Figure C assume a continuation of the current patterns of state population growth in the years ahead. Another scenario of future population change, presented in Figure D, depicts a slackening pace of growth in the Pacific states due to high wages and housing prices, limits placed on development, and water shortages.

Figure C

Projected Population Growth, By State, 1980-2000



Source: U.S. Bureau of the Census, Current Population Reports, Series P-25, No. 937.

Figure D

A Scenario for Population Growth

Fast Growth Areas (East South Central, West South Central, Mountain)

Low wages, low labor force participation and attractive lifestyles are bases for fast growth. Manufacturing makes up low proportion of total economy so area is less sensitive to recessions in manufacturing industry. Also, taxes, energy prices, transportation are more favorable forces in fast growing areas than elsewhere. Future economic and demographic growth is foreseen for these areas.

No Growth Areas (Mid-Atlantic and East North Central)

Heavily industrialized states have stopped growing or have even lost population or employment in certain industries. Immigrants have not offset the movement of retirees and young families to other areas. Wages and unionization are high. Areas will continue to attract little industrial and demographic growth in the future.

Decelerating Regions (Pacific and South Atlantic)

Growth in the South Atlantic region may be reaching its limits, evidenced by a rapidly declining birth rate, lower fertility expectations and a reduced share of migrating retirees. Demand for labor may outstrip supply and so industries will invest elsewhere. In the West, high wages and housing prices, limits on development and water shortages will probably slow growth in the future.

Resurgent Regions (New England, West North Central)

West North Central farm states will probably benefit from the overall national surge in nonmetropolitan growth. Low wages and close-at-hand raw materials and transportation should attract population and industries. In recent years, the nonmetropolitan Northern New England states have attracted population and the high tech industries in Southern New England have prospered. These trends should continue through the 1980s.

—Trends summarized from Gregory Jackson, George Masnick, Roger Bolton, Susan Bartlett and John Pitkin, *Regional Diversity: Growth in the United States, 1960-1990*, Boston, MA: Auburn House Publishing Co., 1981.

4. Patterns in interregional migration that began in the 1960s have continued into the 1980s.

Interregional migration has become a decisive part of the formula for regional growth or decline. The high birthrates of the 1950s and early 1960s masked the effects of interregional migration on population growth. As birthrates in the 1970s dropped to below natural replacement levels across the country, interregional movement became the major determinant of an area's population growth. As a result, the growth of one area is often at the expense of another in America today.

The Northeast and North Central regions posted a net loss of nearly 2.7 million migrants to the South and West between 1975 and 1980—a

number nearly double that of the previous decade (see Table 2). Data on 1980 and 1981 migrations suggest that the redistribution is continuing.

A closer look at interregional patterns of migration reveals that the movement from the Northeast and North Central regions to the South and West between 1970 and 1975 was nearly double that of the previous five years (see Figure E). From 1975 to 1980, net migration to the West increased a little but was offset by a slight decrease in the net flow to the South. Figures for 1980 and 1981 suggest that the net movement to the South has picked up once again while that to the West has dropped off a bit.

Migration patterns of Blacks differ from those of the rest of the population (see Table 2). While Whites were moving to the South in the 1960s, Blacks had a net migration from the Southern region to the other three regions of the country. It was not until the mid-1970s that Black interregional migration trends had reversed enough to resemble those of the rest of the population.

Table 2

Net Interregional Migration by Race, 1965-70, 1970-75, 1975-80 and 1980-81

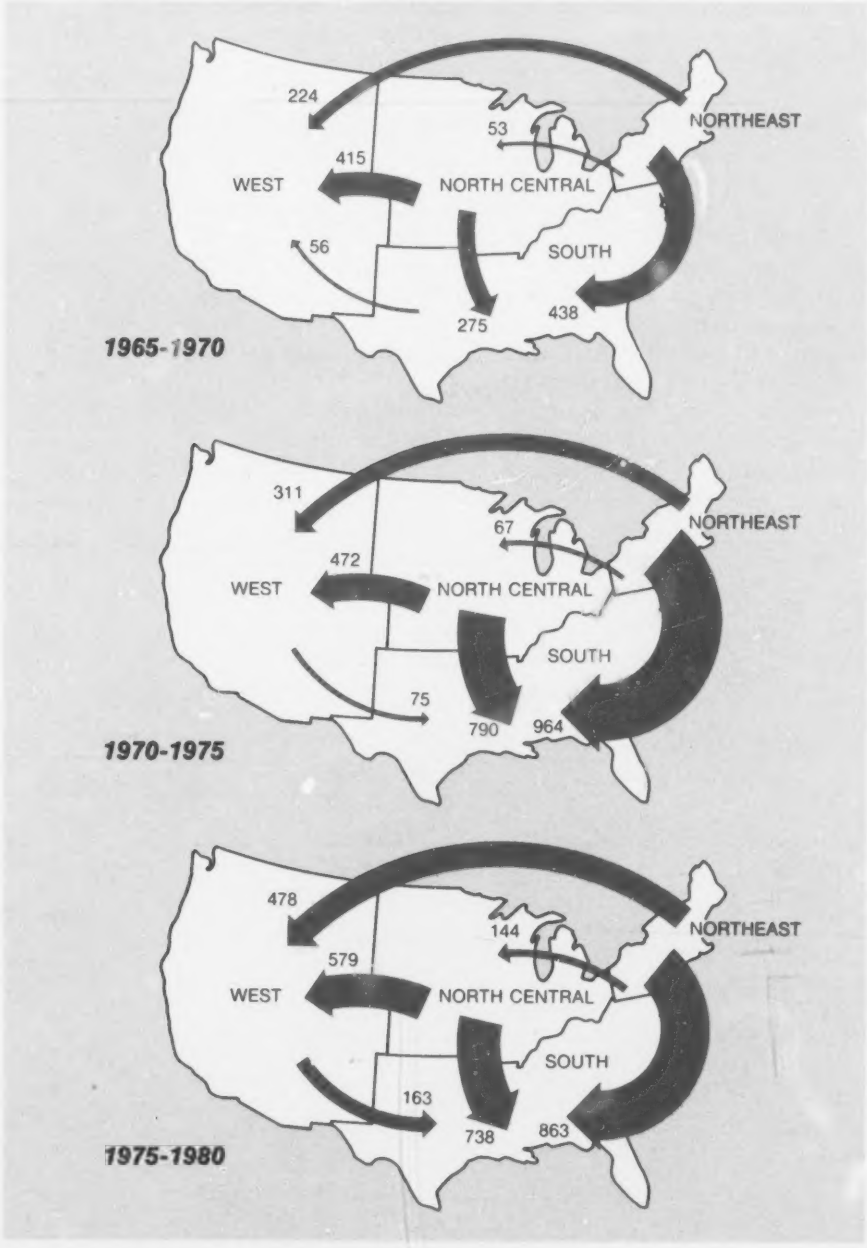
Year	Net Migration (in thousands)			
	Northeast	North Central	South	West
All races				
1965-70	- 715	- 637	+ 656	+696
1970-75	-1,342	-1,195	+1,829	+708
1975-80	-1,486	-1,173	+1,764	+893
1980-81	- 242	- 406	+ 486	+162
Blacks				
1965-70	+ 36	+ 92	- 216	+ 89
1970-75	- 64	- 52	+ 14	+102
1975-80	- 175	- 51	+ 195	+ 31
1980-81	- 49	- 30	+ 31	+ 48

Source: U.S. Bureau of the Census, Current Population Reports, *Series P-20, Nos. 363 and 377.*

Figure E

Net Interregional Migration, 1965-1970, 1970-1975, and 1975-1980

Numbers in 1,000's



Source: U.S. Bureau of the Census, Current Population Reports, *Series P-20, No. 285 and 368; and* 1970 Census of the Population, *PC(1)-D1.*

5. The "average" resident of the Western region is younger and more highly educated than the typical resident of other U.S. regions.

Socially and economically, the Western region is characterized by: a significantly greater proportion of Hispanics than other regions; higher median household and per capita incomes; a larger percentage of nonfamily households; and proportionately fewer households led by women (see Table 3).

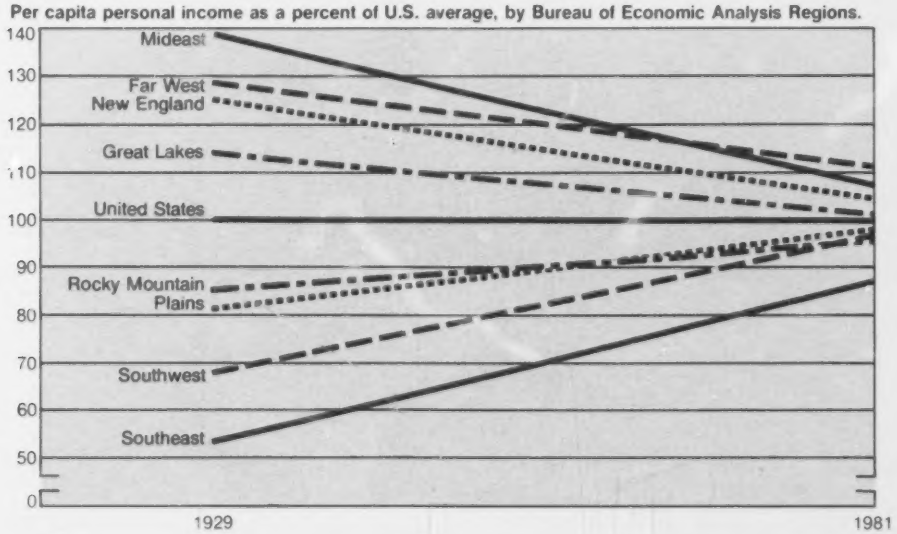
Compared with other regions, the South has the lowest median household and per capita incomes and the greatest proportion of the residents age 25 and over with 8 years of schooling or less. Almost 1 in 5 Southerners is Black, compared with about 1 in every 10 residents of the Northeast and North Central regions, and 1 in 20 Westerners. The South also houses over one-third of America's householders who are 65 years or older. Older people make up over 17% of Florida's population, the largest percentage of any state. According to the mid-range government projections, the U.S. will have about the same proportion of older people in 2020 as Florida had in 1980.[3]

While some population analysts contend that regional economies and demographics are diverging,[4] the U.S. Bureau of Economic Analysis figures point to a narrowing per capita personal income gap across the country (see Figure F).

Figure F

The Narrowing Income Gap, 1929-1981

Per capita personal income as a percent of U.S. average, by Bureau of Economic Analysis Regions.



Source: American Demographics, *March 1983. Used with permission from* American Demographics, *copyright 1983.*

[3] *Unpublished Census data.*

[4] *Gregory A. Jackson, et. al., Regional Diversity: Growth in the United States, 1960-1990.* Boston, MA: Auburn House Publishing Company, 1981.

Table 3

Selected Characteristics of Residents of U.S. Regions, 1970 and 1980/81

Selected Characteristics	Northeast		North Central		South		West	
	1970	1980/81*	1970	1980/81*	1970	1980/81*	1970	1980/81*
Age								
Median age	30.4	31.8	28.0	29.6	27.5	29.7	27.6	29.3
% under 15 years	27.2	21.1	29.2	23.1	28.9	23.2	31.3	22.8
% 65 years or more	10.6	12.4	10.1	11.4	9.6	11.3	8.9	10.0
Race/Ethnicity								
% Black	8.9	9.9	8.1	9.1	19.1	18.6	4.9	5.2
% Hispanic	3.9	5.3	1.9	2.2	4.4	5.9	9.7	14.5
Income								
Median household income ($)**	9,239	19,825	8,936	19,691	7,109	17,341	8,918	20,444
Per capita income ($)	4,423	10,121	3,984	9,650	3,391	8,604	4,207	10,265
Households								
% households with married-couple families	67.6	57.8	70.7	61.1	70.1	61.6	67.3	57.5
% households with female-headed families	9.4	11.8	7.6	10.4	9.6	11.7	8.0	9.8
Education								
% households with nonfamilies***	20.2	27.9	19.4	26.5	12.1	24.3	22.5	30.2
% population 25 years and older with 8 years schooling or less	27.5	17.5	27.6	17.3	34.1	22.7	20.3	13.3
% 25 years and older with 4 years college or more	11.2	17.6	9.6	14.7	9.8	14.8	13.2	19.3

**Data for age, race and Spanish origin, per capita income and schooling are available for 1980. Data for household income and household type are available for 1981.*

***1970 Census data for median household income are for 1969 income.*

****Those of persons living alone or with nonrelatives.*

Source: U.S. Bureau of the Census, Current Population Reports, *Series P-20, Nos. 371 and 374 and Series P-60, No. 137;* State and Metropolitan Area Data Book, 1982; Historical Statistics of the United States: Colonial Times to 1970; Census of the Population, *1970 "General Social and Economic Characteristics," United States Summary, and "Detailed Characteristics," United States Summary, and "Household Income in 1969 for States, SMSAs, Cities and Counties."*

Metropolitan and Nonmetropolitan Changes

1. In 1980, roughly 3 of every 4 U.S. residents lived in a metropolitan area.

Throughout the history of the United States, population settlement and growth patterns have resulted in an ever greater concentration of people in metropolitan areas. Although the United States continues to be largely a metropolitan nation, the growth of the population in these areas slowed during the 1970s (see Table 4).

The population of a metropolitan area can change in two ways: through births, deaths and migration, and through territorial expansion of an existing area and growth (and thus reclassification) of a smaller area to metropolitan status. At last count there were 318 metropolitan areas (SMSAs) in the United States. In 1970, there were 243 SMSAs and in 1960, 212 SMSAs. If changes in the metropolitan area population are compared on the basis of the number of SMSAs in 1960, 1970, and 1980, the calculation produces a much greater gain in metropolitan population (50%) than if the figures are compared on the basis of consistent boundaries (10.2%). To compare changes in population growth, *DataTrack 12* uses constant SMSA boundaries as defined by the U.S. Office of Management and Budget in 1981.

Table 4

Distribution of U.S. Population, by Metropolitan and Nonmetropolitan Residence, 1960-1980

	1960		1970		1980	
	Number (in millions)	**%**	**Number (in millions)**	**%**	**Number (in millions)**	**%**
Metropolitan areas* (inside SMSAs)	131.3	73.2	153.7	75.6	169.4	74.8
In central cities	(NA)	(NA)	67.9	33.4	68.0	30.0
Outside central cities (suburbs)	(NA)	(NA)	85.8	42.2	101.5	44.8
Nonmetropolitan areas (outside SMSAs)	48.0	26.8	49.6	24.4	57.1	25.2
Total U.S. residents	179.3	100.0	203.3	100.0	226.5	100.0

NA = Not available.

**The 318 SMSAs as defined on June 30, 1981.*

Source: U.S. Bureau of the Census, Statistical Abstract of the United States, *1982-83.*

2. During the 1970s, nonmetropolitan areas grew faster than metropolitan areas, reversing a long-term trend.

One of the biggest demographic surprises of the 1970s was the rapid population increase in nonmetropolitan areas. Between 1970 and 1980,

the population in these areas rose by 15.1% compared with a 10.2% increase for metropolitan areas (see Table 5). This faster growth represents a dramatic change from the 1960s, when metropolitan areas grow much more rapidly than nonmetropolitan areas (16.6% versus 6.8%).

Table 5

Population Change, by Metropolitan and Nonmetropolitan Residence and Race and Spanish Origin, 1960-1980

	Percent Change	
	1960-1970	**1970-1980**
All races and ethnic groups		
Metropolitan areas*	16.6	10.2
In central cities**	6.5	0.1
In suburbs	26.7	18.2
Nonmetropolitan areas	6.8	15.1
Whites		
Metropolitan areas	14.0	3.3
In central cities	0.1	-11.5
In suburbs	26.1	13.1
Nonmetropolitan areas	7.8	13.9
Blacks		
Metropolitan areas	31.6	20.2
In central cities	33.2	13.0
In suburbs	26.4	42.7
Nonmetropolitan areas	- 5.3	6.5
Spanish origin* **		
Metropolitan areas	NA	63.5
In central cities	NA	52.4
In suburbs	NA	81.3
Nonmetropolitan areas	NA	45.4

**The 318 SMSAs as defined on June 30, 1981.*

***1980 data for central cities refer to their 1980 corporate boundaries; 1970 data refer to 1970 corporate boundaries; and 1960 data, to 1960 corporate boundaries.*

****Persons of Spanish origin may be of any race.*

NA = Not available

Source: Bureau of the Census, Current Population Reports, *Series P-20, No. 374.*

Metropolitan and nonmetropolitan patterns for the Northeast, North Central and Western regions generally reflect the national pattern of faster nonmetropolitan growth throughout the 1970s. The South was the only region where metropolitan territories as a group increased more quickly than nonmetropolitan areas (see Table 6).

The general trend of faster nonmetropolitan growth holds true for Whites, but not for Blacks or Hispanics: both minority groups increased faster in metropolitan areas than nonmetropolitan areas in the 1970s (see Table 5). There has been a turnabout, however, in nonmetropolitan Black population growth over the past two decades. During the 1960s, Blacks continued their long-term movement to metropolitan areas, showing a net *loss* of 5.3% in nonmetropolitan territories. In the 1970s, in contrast, nonmetropolitan Black population posted a net *increase*.

Metropolitan areas are composed of two sections: 1) central cities and 2) the surrounding suburban counties. When the growth patterns for central cities and suburbs are compared with those of nonmetropolitan areas, another story emerges. Even though nonmetropolitan growth outdistanced overall metropolitan growth during the 1970s, population in the suburbs grew the fastest of all—18.2% with minorities accounting for much of the growth. Between 1970 and 1980, Black suburban population grew by 42.7% and that for Hispanics grew by 81.3%. In contrast, the

Table 6

Population Change, by Metropolitan and Nonmetropolitan Residence and Region, 1960-1980

	Percent Change	
	1960-1970	**1970-1980**
Northeast		
Metropolitan	10.1	- 1.5
Nonmetropolitan	7.6	12.6
North Central		
Metropolitan	13.1	2.7
Nonmetropolitan	1.7	7.5
South		
Metropolitan	21.9	21.5
Nonmetropolitan	1.9	17.2
West		
Metropolitan	28.2	22.6
Nonmetropolitan	7.4	30.7

Note: Metropolitan and nonmetropolitan areas as defined June 30, 1981.

Source: U.S. Bureau of the Census, Current Population Reports, *Series P-20, No. 374.*

White suburban population rose by 13.1%—a lower rate than White nonmetropolitan growth.

In the 1970s, the suburbs grew by 18.2%. Although this increase was greater than that in other areas, it represented a considerable drop from the 1960s suburban growth rate of 26.7%. As a group central cities just about held their own during the past decade, with an overall population increase of 0.1%. However, as discussed in Sections 4 and 5 of this chapter, there were wide variations in the growth of the nation's largest cities.

3. In the past decade, nonmetropolitan growth was fastest in less populated areas close to metropolitan areas.

Of all nonmetropolitan counties adjacent to a metropolitan area, those with the largest settlement of less than 2,500 people experienced the fastest population increase. This pattern is particularly striking in light of these counties' net population losses during the 1960s. In addition, nonmetropolitan counties with larger settlements experienced significant population increases during the 1970s, as seen in Figure G on page 20.

The sprawl of metropolitan areas into adjacent counties accounted for one-quarter to one-third of all nonmetropolitan growth in the 1970s, according to Census Bureau estimates.[5] But nonmetropolitan areas farther away from central cities also grew at rates that were above the average rate of population increase for the U.S. as a whole.

The dramatic turnaround in nonmetropolitan area growth during the 1970s has been attributed to several factors in addition to metropolitan sprawl. One factor is the incentive of less expensive housing and the attraction of living in an uncongested area. Another is the retirement of more people at an earlier age and the movement of older people to retirement communities in nonmetropolitan areas in the South. The number of employment opportunities in less developed areas has also increased, as employers were drawn by the less costly labor and lower operating expenses in smaller communities. Finally, many jobs developed in Western energy-rich states when the oil embargo of the early 1970s drove up the cost of foreign energy sources.

4. Metropolitan growth rates were slowest in the largest metropolitan areas during the 1970s.

In the 1960s, metropolitan areas of more than 1 million people grew more rapidly than the national average and the rates of smaller cities (see Table 7). This pattern was manifested in all regions except the Northeast, where the statistics for cities of various sizes were quite mixed. Northeast metropolises of more than 3 million people increased at a faster rate (10.6%) than those with between 1 and 3 million people (5.0%) or those with 250,000 to 500,000 (9.1%).

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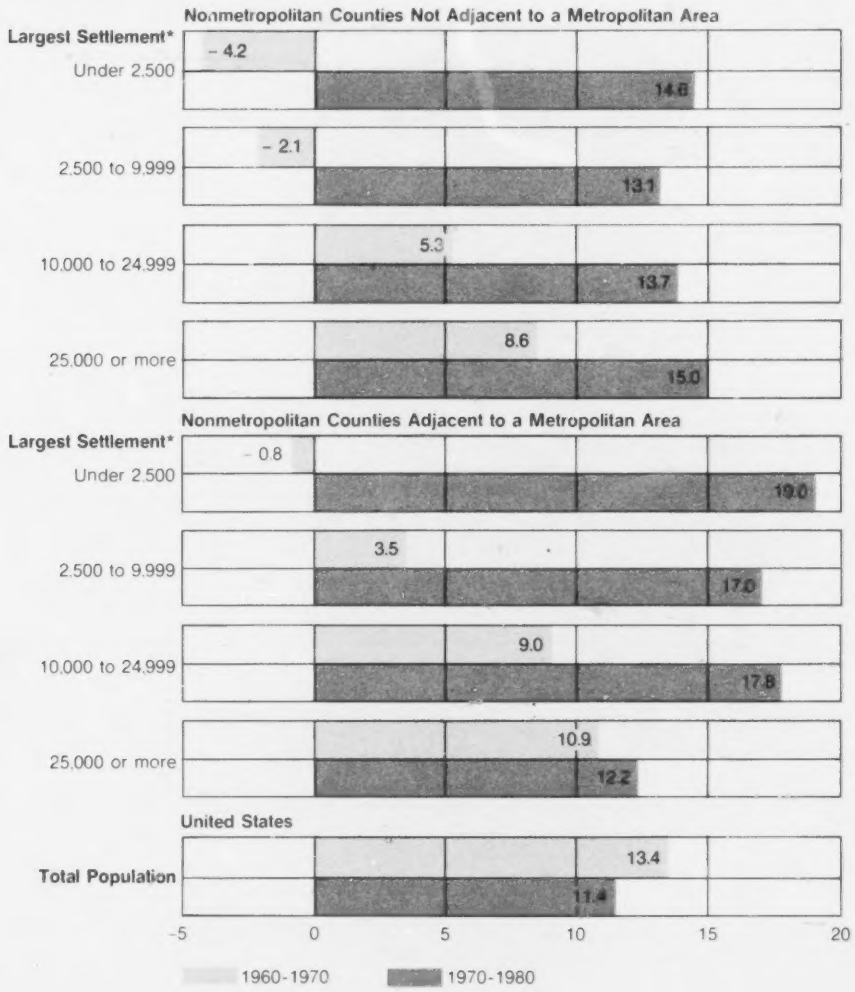
[5] *U.S. Bureau of the Census,* Current Population Reports, *Series P-20, No. 374.*

During the 1970s, there was a clear reversals in growth patterns among American metropolitan areas. Big cities in all regions saw their growth rates plummet from the previous decade's levels. The Northeast was hardest hit, with actual population losses. However, the region's largest metropolitan areas (over 3 million) fared slightly better (-4.1%) than those with 1 to 3 million (-4.8%).

Figure G

Percent Change in Population in Nonmetropolitan Settings and the United States, 1960-1970 and 1970-1980



*Size of largest settlement is as of 1970.

Source: Larry H. Long, "Population Redistribution in the U.S.: Issues For the 1980s," Population Trends and Public Policy, No. 3, March 1983, Population Reference Bureau, Inc.

Table 7

Population Change in Metropolitan Counties, By Size of County and Region, 1960-1980

Metropolitan County Size and Region*	Percent Change 1960-1970	Percent Change 1970-1980
United States		
Over 3,000,000	15.5	2.1
1,000,000 to 3,000,000	21.3	12.0
500,000 to 1,000,000	16.3	12.2
250,000 to 500,000	15.4	17.9
Less than 250,000	15.5	19.0
Northeast		
Over 3,000,000	10.6	- 4.1
1,000,000 to 3,000,000	5.0	- 4.8
500,000 to 1,000,000	11.7	2.0
250,000 to 500,000	9.1	8.1
Less than 250,000	12.6	9.3
North Central		
Over 3,000,000	12.5	0.8
1,000,000 to 3,000,000	14.2	0.8
500,000 to 1,000,000	13.3	4.8
250,000 to 500,000	11.9	6.1
Less than 250,000	12.4	7.9
South		
Over 3,000,000	23.4	4.4
1,000,000 to 3,000,000	32.8	23.4
500,000 to 1,000,000	16.5	14.9
250,000 to 500,000	17.3	23.9
Less than 250,000	15.0	22.7
West		
Over 3,000,000	28.3	14.1
1,000,000 to 3,000,000	29.0	25.3
500,000 to 1,000,000	31.5	35.7
250,000 to 500,000	25.7	31.8
Less than 250,000	25.5	35.8
U.S. Population	13.4	11.4

**Size classification based on 1970 population of areas defined as metropolitan in 1981.*

Source: U.S. Bureau of the Census, Current Population Reports, *Series P-20, No. 374.*

When metropolitan areas are ranked in terms of the largest population gains and losses over the 1970s, the biggest winners—both in percentage and number of population increase—are all in the South and West (see Table 8). Two Florida areas (Fort Myers-Cape Coral and Oscala) led in percentage increase and two Texas areas (Houston and Dallas-Fort Worth) gained the most people.

Table 8

Standard Metropolitan Statistical Areas* with Biggest Population Increases and Declines, 1970-1980

Biggest Winners

By % Change		By Numerical Change (in 1,000s)	
1. Fort Myers-Cape Coral, FL	+95.1	1. Houston, TX	+906.0
2. Oscala, FL	+77.4	2. Dallas-Fort Worth, TX	+597.3
3. Las Vegas, NE	+69.0	3. Phoenix, AZ	+536.8
4. Sarasota, FL	+68.0	4. Anaheim-Santa Ana-Garden Grove, CA	+510.3
5. Fort Collins, CO	+65.9	5. San Diego, CA	+504.0
6. West Palm Beach-Boca Raton, FL	+64.2	6. Tampa-St. Petersburg, FL	+480.9
7. Fort Lauderdale-Hollywood, FL	+63.5	7. Los Angeles-Long Beach, CA	+435.7
8. Olympia, WA	+61.6	8. Atlanta, GA	+434.1
9. Bryan-College Station, TX	+61.4	9. Riverside-San Bernardino-Ontario, CA	+417.9
10. Reno, NE	+59.9	10. Fort Lauderdale-Hollywood, FL	+393.9

Biggest Losers

By % Change		By Numerical Change (in 1,000s)	
1. New York, NY-NJ	-8.6	1. New York, NY-NJ	-854.0
2. Jersey City, NJ	-8.4	2. Cleveland, OH	-165.0
3. Cleveland, OH	-8.0	3. Pittsburgh, PA	-137.5
4. Buffalo, NY	-7.9	4. Boston, MA	-135.7
5. Pittsfield, MA	-6.5	5. Philadelphia, PA-NJ	-107.3
6. Utica-Rome, NY	-6.0	6. Buffalo, NY	-106.6
7. Pittsburgh, PA	-5.7	7. Newark, NJ	- 92.2
8. Boston, MA	-4.7	8. Detroit, MI	- 82.3
9. Newark, NJ	-4.5	9. St. Louis, MO	- 55.6
10. Elmira, NY	-3.8	10. Jersey City, NJ	- 50.9

**SMSA as defined, June 30, 1981.*

Source: U.S. Bureau of the Census, 1980 Census of Population, Supplementary Reports, *PC80-S1-5.*

In contrast, the SMSAs losing the most population—again, in terms of numbers and percentage—were in the Northeast and North Central regions. The New York, NY-New Jersey SMSA was at the top of the list, losing 854,000 people, or 8.6% of its population in the past decade.

5. Migration trends are playing a larger part today than ever before in shaping the U.S. population's redistribution among cities, suburbs and nonmetropolitan areas.

Population migration itself has actually declined from a rate of 20.6% during the period 1960-1961 to 17.2% during the period 1980-1981.[6] Nonetheless, the influence of migration on an area's growth pattern is becoming more important because of the current low U.S. birth rate.

For many years, the migration flow has been mainly from rural to urban areas. This urbanization of the population which accelerated after World War I continued through the 1960s. It was not until the early 1970s that more Americans moved from metropolitan areas than into them. Between 1970 and 1975, for example, metropolitan areas in aggregate, experienced a net outflow of nearly 1.6 million people, compared with a net influx of about 0.4 million between 1965 and 1970 (see Table 9). Recent migration statistics suggest a continuation in the center city population drain.

Table 9

Metropolitan and Nonmetropolitan Net Migration, 1965-1981

	Number of Migrants (in thousands)			
	1965-1970	**1970-1975**	**1975-1980**	**1980-1981**
Metropolitan	+352	−1,594	−1,344	− 194
Central cities	NA	−7,018	−6,346	−2,236
Suburbs	NA	+5,423	+5,001	+2,042
Nonmetropolitan	−352	+1,594	+1,344	+ 194

NA = Not available.

Note: Figures may not add to totals due to rounding.

Source: Current Population Reports, *Series P-20, Nos. 285, 368 and 377.*

[6] *U.S. Bureau of the Census,* Current Population Reports, *Series P-20, No. 377.*

Where do the people go who leave central cities? Most head for the suburbs, as seen in Table 10. Over three-quarters (76.9%) of all people moving out of central cities between 1980 and 1981 relocated in the suburbs, about the same proportion as five years earlier. However, the central city-suburban path moves in two directions—as over 6 in 10 people who left the suburbs between 1980 and 1981 went to the central cities.

Table 10

Central-City and Suburban Migration, 1975-76 and 1980-81

	1975-76 (1000s)	1980-81 (1000s)
To suburbs	4,753	5,120
From central cities	3,499	3,844
From nonmetropolitan areas	1,254	1,276
From suburbs	3,193	3,078
To central cities	1,822	1,885
To nonmetropolitan areas	1,371	1,193
Net for suburbs	**+1,560**	**+2,042**
To central cities	2,650	2,765
From suburbs	1,822	1,885
From nonmetropolitan areas	828	880
From central cities	4,605	5,001
To suburbs	3,499	3,844
To nonmetropolitan areas	1,106	1,157
Net for central cities	**-1,955**	**-2,236**

Source: U.S. Bureau of the Census, Current Population Reports, *Series P-20, No. 377.*

6. Recent migration trends have altered the population characteristics of many cities across the Nation.

According to numerous studies of the characteristics of people who change residence, movers differ from non-movers and people moving *into* an area do not have the same socio-economic characteristics as those who move *out* of that same area.

The highest rates of mobility are found among people in their middle-to-late 20s (the prime household-forming years). Another difference between movers and nonmovers is education. College graduates are more likely to move than those with less education.[7] And people with jobs demanding high skills are in general more mobile than those with low skills.[8]

People with moderate incomes are also more likely to move than those at either end of the income scale. Renters have higher mobility rates than homeowners. And the unemployed are more likely to be movers than those who are employed.[9]

Looking more closely at people who move out of and into cities, several patterns emerge. For instance, young adults tend to move to central cities from nonmetropolitan areas. More childless families move into cities than out. Families with children who move to central cities are larger than families with children who move from central cities to the suburbs and nonmetropolitan areas. Those moving into central cities have lower incomes than those leaving. Professionally employed people with children are leaving central cities, while professionals without children and underemployed people with larger families are moving into central cities.

Even now, compared with suburbs, central cities have a disproportionate share of: Blacks and other minority groups, households maintained by women, people with minimal education, families below the poverty level and older people.[10] If present migration trends continue, the population remaining in many central cities will have an even larger proportion of poor families with many children and a larger share of higher-income childless families and single people.[11] To some urban scholars, this trend suggests a dichotomy, with central cities in the future consisting of the very poor and the wealthy.

Some recent pronouncements by the popular media of the widespread rejuvenation and "gentrification" of central cities have been shown to be premature. Statistics suggest that such revitalization is happening only on a small scale and in a small number of neighborhoods in cities such as Philadelphia, Baltimore and Washington, D.C. Many population experts predict a continued net population flow from central cities but possibly at slower rates than in the past decade.

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[7] *U.S. Bureau of the Census,* Current Population Reports, *Series P-20, No. 368.*

[8] *Population Reference Bureau, Inc., "U.S. Population: Where We Are; Where We're Going,"* Population Bulletin, *Vol. 37, No. 2, June 1982.*

[9] *U.S. Bureau of the Census,* Current Population Reports, *Series P-20, No. 377.*

[10] *Robert H. Weller and Leon F. Bouvier,* Population: Demography and Policy, *New York: St. Martin's Press, 1981.*

[11] *Robert H. Plattner, "Will People Move Back to the City,"* Appraisal Journal, *April 1982.*

7. Most Americans say they would prefer to live in a suburb, in a small town, or on a farm, rather than in a city.

In 1983, 86% of Americans queried in a Gallup public opinion poll said that they would choose to live in a suburb, in a small town or on a farm, up from 80% in 1972. The public's preference for city-living dropped from 19% to 13% during the 1970s, and that for suburban life increased from 23% to 31% (see Table 11).

Other surveys on community size preference have shown that residents of large cities are more interested in moving to rural places than rural residents are in moving to cities.[12]

The differences in the quality of life between urban and rural areas have been examined in numerous studies. Rural families fare less well than their counterparts in urban areas on such objective quality of life indicators as economic well-being, education, health services and housing. However, rural families do better than urban families with respect to environment, crime, and family well-being.[13]

While rural families may report a lower objective quality of life, they do not necessarily express greater dissatisfaction with their lives than urban families. Both rural and urban families are satisfied with some features of their communities and dissatisfied with others, but overall community satisfaction appears to be higher in rural areas. One explanation offered is that the relatively lower quality community services available in rural settings are offset by other—intangible—qualities of rural life.[14]

Table 11

Residential Preferences, 1972 and 1983

Question: "If you could live anywhere in the U.S. that you wanted to, would you choose to live in a city, suburban community, small town, on a farm or no opinion?"

	Percent of Respondents	
	1972	**1983**
City	19	13
Suburb	23	31
Small town	31	32
Farm	26	23
No opinion	1	1

Source: Gallup Poll Survey Data (unpublished), 1972 and 1983.

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[12] *D.A. Dillman, "Residential Preferences, Quality of Life, and the Population Turnaround," American Journal of Agricultural Economics, Vol. 61, 1979.*

[13] *Kenneth R. Tremblay, Jr., Florence S. Walker, and Don A. Dillman, "The Quality of Life Experienced by Rural Families," in R.T. Coward and W.M. Smith (eds.), Family Services: Issues and Opportunities in Contemporary Rural America, University of Nebraska Press, 1983.*

[14] Ibid.

Trends in Home Ownership

1. For the first time since the Depression, America's rate of homeownership is beginning to decline.

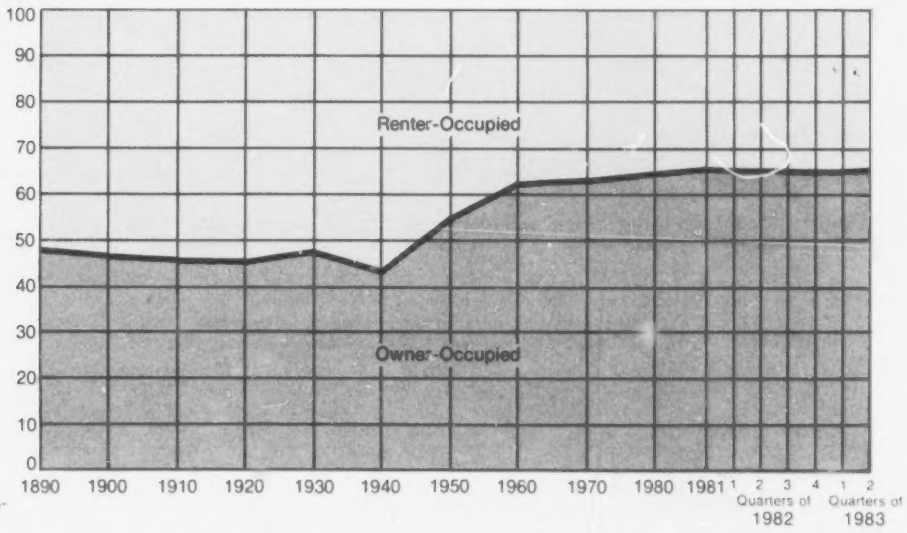
Between 1940 and 1981, the proportion of American households owning their own home steadily increased from 43.6% to 65.3% (see Figure H). By the first six months of 1983, the proportion had dropped to 64.7%.

Rates of home ownership vary according to such characteristics as race/ethnic origin, age of householder and household type. For example, in 1981, 68.6% of White householders were homeowners, compared with 43.4% of Blacks and 41.9% of Hispanics (see Table 12 on page 28).

During the 1970s, homeownership by Blacks and Whites increased, but decreased for Hispanics. Householders between the ages of 45 and 64 are much more likely than younger householders and a little more likely than older householders to own their own home (see Table 13). In 1981, over three-fourths (78.4%) of householders aged 45 to 64 were homeowners, compared with a little over one-half (53.7%) of householders under 45 years of age. A significant proportion—over 7 in 10 (73.3%)—of older householders (65 years and over) owned their homes in 1981.

Figure H

Percent Owner-Occupied and Renter-Occupied Housing Units in the U.S., 1890-1983



Source: U.S. Bureau of the Census, 1960 Census of Housing, *Vol. 1, Part 1;* 1970 Census of Housing, *Vol. 1, Part 1;* 1980 Census of Housing, *Vol. 1, Part 1;* The Housing Vacancy Survey Report, *Series H111-83-Q2; and* Current Housing Reports, *"Annual Housing Survey: 1981," Part A.*

Married couples are more apt to own their homes than people in other types of households. In 1981, 78.3% of married-couple households lived in their own homes, compared with 45.8% of other household types.[15]

Table 12

Home Ownership, by Race and Hispanic-Origin of Householder, 1970 and 1981

	1970		1981	
	Number (in 1,000s)	**Percent**	**Number (in 1,000s)**	**Percent**
Householders of all races/ethnic origins				
Homeowners	39,886	62.9	54,342	65.3
Renters	23,560	37.1	28,833	34.7
Black Householders				
Homeowners	2,568	41.6	3,911	43.4
Renters	3,607	58.4	5,099	56.6
Hispanic Householders				
Homeowners	979	43.5	1,814	41.9
Renters	1,273	56.5	2,514	58.1
White Householders				
Homeowners	37,005	65.4	49,629	68.6
Renters	19,601	34.6	22,762	31.4

Source: U.S. Bureau of the Census, Current Housing Reports, *Series H-150-81, "Annual Housing Survey: 1981, Part A."*

Table 13

Home Ownership by Age of Householder, 1981

	Percent of Householders		
Age of Householder	**Own Home**	**Rent**	**Total**
Under 45 years	53.7	46.3	100.0
45-64 years	78.4	21.6	100.0
65 years and over	73.3	26.7	100.0

Source: U.S. Bureau of the Census, Current Housing Reports, *Series H-150-81, "Annual Housing Survey: 1981, Part A."*

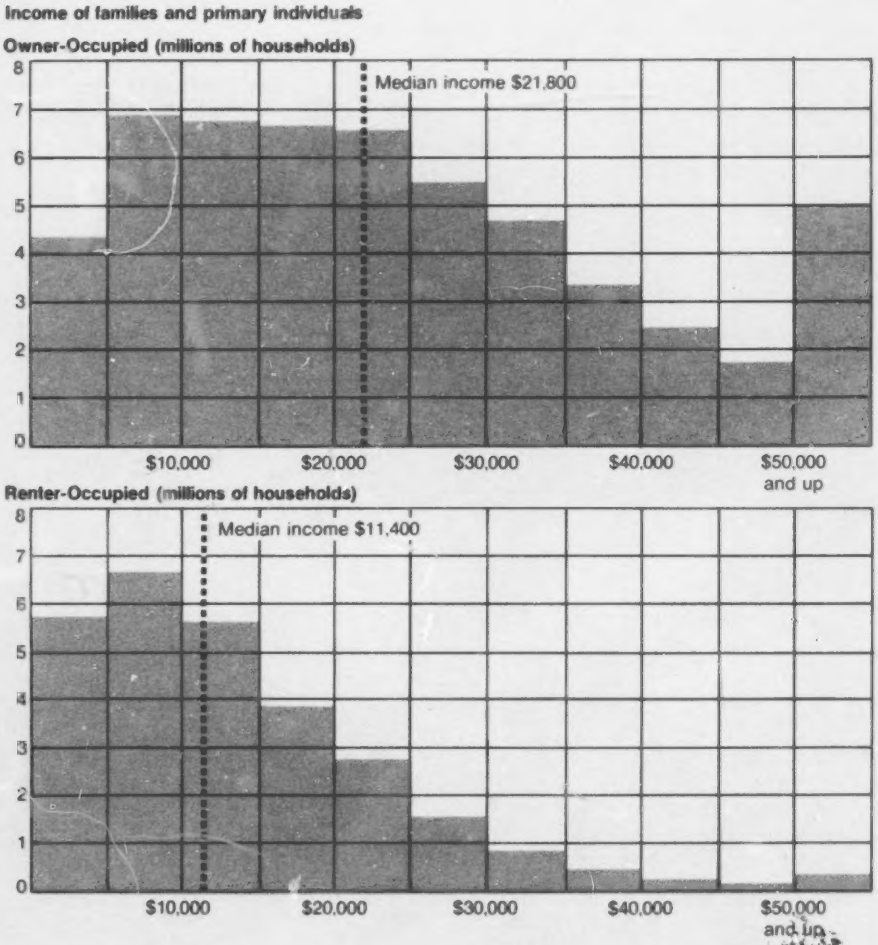
[15] *U.S. Bureau of the Census,* Current Housing Reports, *Series H-150-81, "Annual Housing Survey: 1981, Part A."*

2. *Renters typically have lower incomes than homeowners and the differences in income are becoming more pronounced.*

The incomes of owners and renters have been diverging over the last decade. In 1981, the median income of renters stood at $11,400, or 52% that of homeowners ($21,800). In 1970, renters earned about 65% as much as homeowners (as measured in median income). The link between economic class and homeownership is becoming more clearly defined.[16]

Figure I

Income by Tenure, 1981



Source: U.S. Bureau of the Census, Current Housing Reports, *Series H-150-81, "Annual Housing Survey: 1981, Part A."*

[16] *The diverging income between renters and homeowners has been found across all household types. For further discussion, see George Sternlieb, James W. Hughes and Connie O. Hughes,* Demographic Trends and Economic Reality: Planning and Markets in the '80's, *New Brunswick, N.J.: Center for Urban Policy Research, Rutgers, The State University of New Jersey, 1982.*

3. The house buying power of Americans appears to be declining.

Until the early 1970s, the rise in family income kept pace with increases in new home prices. Since 1973, however, the median price of a new home has risen dramatically—much faster than increases in family income. As a result, an increasing number of families are finding that they cannot afford the purchase price of a house. Figure J traces the relationship between the median price of a new home and median family income since 1954.

Between 1954 and 1978, the sales price young families could afford was comfortably above the actual prices of homes in the marketplace. In 1979, this "positive margin of affordability" was wiped out as family incomes were unable to keep up with escalating housing prices and mortgage interest rates. Since 1979, the housing "affordability gap" has been widening.

Figure K traces the ability of families to afford housing between 1954 and 1982. The "median affordable home price" represents the price that median income householders under 35 years old could afford to pay if they set aside 25% of their gross income to a mortgage payment. The line, "median actual home price" reflects the price of homes sold.

Figure J

Home Prices vs. Income, 1954-1982

Source: U.S. League of Savings Institutions. The Challenge to Homeownership in the 1980s. *1983. Used with the permission of the U.S. League of Savings Institutions.*

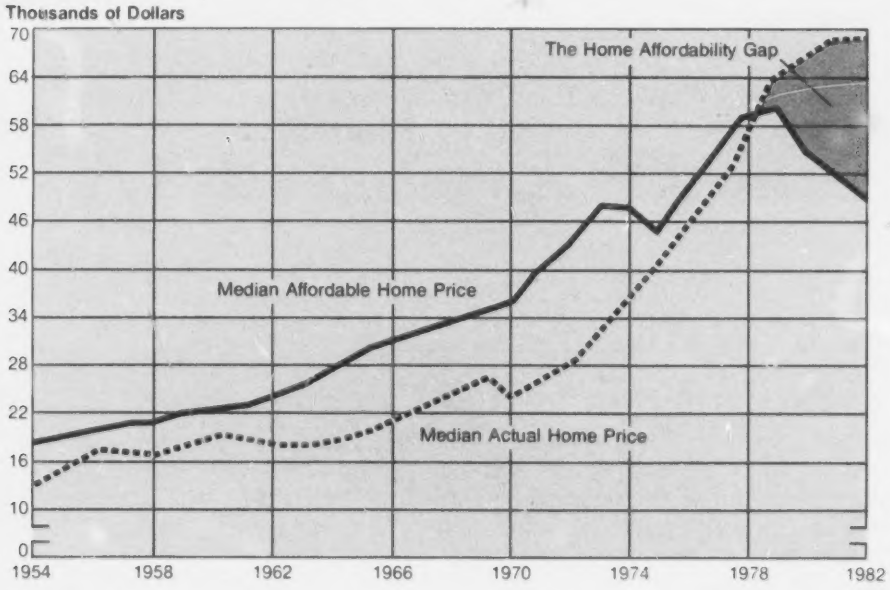
4. Of all home buyers, the proportion who were buying their first home plummeted from 36.3% in 1977 to 13.5% in 1981.

One result of the widening home affordability gap is the changing profile of the typical home buyer. Homes are being sold to an increasingly select pool of households that are older and smaller and that have a much larger income and net worth than home buyers of past years (see Table 14 on page 32). Moreover fewer and fewer houses are being sold to people who do not already have a home. For many young families, the American dream of owning a home is becoming more elusive.

Some adjustments to the rising costs of housing are being made by consumers in terms of the types of houses bought and the extent of financial commitment needed for monthly housing expenses. For example, the proportion of persons buying condominiums nearly doubled from a little over 1 in 10 (11%) home buyers in 1979 to 2 in 10 (21.5%) only two years later. Older homes are becoming more popular, up from 23.7% of homes purchased in 1977 to 29.5% in 1981. Also, home buyers are spending a larger share of their income on housing costs: about 45% spent more than one-quarter of their household income in 1981, compared with 38% who spent that much in 1977.

Figure K

The Home Affordability Gap, 1954-1982



Source: U.S. League of Savings Institutions, The Challenge to Homeownership in the 1980s, 1983. Used with the permission of the U.S. League of Savings Institutions.

Table 14

Statistical Profile of Home Buyers, 1977, 1979, 1981

	1977	1979	1981
Median age	32 yrs.	33 yrs.	34 yrs.
% unmarried	17.0%	22.4%	29.6%
One- and two-persons households	45.8%	51.9%	57.4%
Median household income	$22,700	$28,110	$39,196
Importance of second income*	47.2%	53.9%	52.1%
Median household net worth	$31,800	$52,277	$70,519
First-time buyers	36.3%	17.8%	13.5%
% purchasing condominiums	NA	11.0%	21.5%
% purchasing new homes	25.4%	30.8%	26.1%
% purchasing homes 25 or more years old	23.7%	27.5%	29.5%
Median purchase price	$44,000	$58,000	$72,000
Median down payment	$ 9,000	$12,282	$16,100
Median total monthly housing expense	$ 400	$ 550	$ 816
Mortgage payment	$ 273	$ 401	$ 624
Real estate taxes	$ 54	$ 58	$ 72
Utilities	$ 60	$ 75	$ 100
Hazard insurance	$ 13	$ 16	$ 20

**Percentage of households with two adults in which income contributed by a second earner accounted for 10% or more of total household income.*

NA = Not Available

Source: U.S. League of Savings Associations, Homeownership: The American Dream Adrift, *1982. Reprinted with the permission of the U.S. League of Savings Institutions (formerly U.S. League of Savings Associations).*

5. Seven in 10 Americans expect to own their next residence.

Despite declining opportunities to become a homeowner, 71% of those renters and homeowners polled in a 1982 national survey said that they expected to own their next residence. The top incentives behind home ownership (for current owners) were the value of the home as an investment (40%) and the desire to put down roots in a community (35%) (see Table 15). Among Americans who did not own a home in 1982, the main reasons for not doing so were the shortage of money for a down payment (59%) and excessive interest rates (36%).

Table 15

Attitudes Toward Home Ownership, 1982

	Percent
Expect to own or rent next residence:	
Own	71
Rent	24
Not Sure	5
Principal incentives behind ownership (for current home owners):*	
Wanted to own property for investment purposes	40
Wanted to settle down, have roots	35
Did not want to be dependent upon landlord	27
Wanted to own property for tax reasons	25
Found good, affordable mortgage plan	23
Found very attractive residence for sale	20
Principal disincentives to home purchases (for nonowners):*	
Did not have money for downpayment	59
Interest rates too high	36
Did not have enough money for maintenance costs and mortgage payments	27
Not sure how long we would live in area	15
Could not qualify for mortgage	14

**Multiple responses.*

Source: Federal National Mortgage Association, Buying a Home in the 80's: A Poll of American Attitudes, *a study conducted by Louis Harris & Associates, Inc., 1982. Reprinted with the permission of the Federal National Mortgage Association.*

6. Most Americans do not know how various new mortgage plans work but find them acceptable once explained.

In a 1982 national poll of attitudes toward home ownership,[17] most adults surveyed (72%) expressed an initial preference for a fixed-rate mortgage if they were to purchase a home. However, once several alternative mortgage plans were explained to the survey participants, the proportion preferring a fixed-rate mortgage dropped to 53%; 38% said they would prefer alternative options such as the growing equity mortgage, the

[17] *Federal National Mortgage Association,* Buying a Home in the 80's: A Poll of American Attitudes, *a study conducted by Louis Harris & Associates, Inc., 1982.*

graduated payment mortgage, the variable- or adjustable-rate mortgage, the balloon mortgage or the shared appreciation mortgage (see Table 16).[18]

Table 16

Mortgage Preference, 1982

Question: "If you had to choose between a traditional, fixed-rate mortgage and one of the alternatives on this card that we have just been discussing, which would you choose?"

	Percent of Respondents
Traditional fixed-rate mortgage	53
Growing equity mortgage	13
Graduated payment mortgage	11
Variable-or adjustable-rate mortgage	7
Balloon mortgage	5
Shared appreciation mortgage	2
None	1
Not sure/No answer	8
Total	100

Source: Federal National Mortgage Association, Buying a Home in the 80's: A Poll of American Attitudes, *a study conducted by Louis Harris & Associates, Inc., 1982. Reprinted with the permission of the Federal National Mortgage Association.*

[18] *The remaining 9% were not sure, had no preference or did not reply.*

Some Implications for Life Insurance Companies

Various aspects of life insurance company operations such as sales projections, agency site location, and advertising should be influenced by population flows. The following are a few questions and broad implications of population shifts for consideration by life insurance executives.

- Rapidly changing population trends across the country accentuate the need for continuing geographic market analysis by life insurance companies on growth opportunities for marketing their products. To keep abreast of the intensity and direction of population shifts, some companies provide demographic information such as the age and income makeup of markets on a regular basis to regional offices and agents. An appreciable loss or gain of older people in an area, for example, raises questions about the types of life insurance products that are needed in that locality.
- Agent recruitment efforts can be influenced by changing demographic trends. As population migration accelerates to nonmetropolitan areas and to various states in the South and West, companies may want to match their agent recruitment efforts more closely to current migration trends.
- Market segmentation is becoming a more widely used marketing technique in the insurance business. Life insurance companies will be forced to adjust products, distribution techniques, agent hires and training in order to more adequately meet the needs of targeted market segments.
- Population shifts can have an impact on the cost of providing life insurance products and services. For example, as Americans move away from the densely-settled Northeast and North Central regions to the less populous Western and Southern states, there is every possibility of increased distribution costs, particularly for agent-based systems, and greater opportunities for supplementing agent services with new computer and communication technologies.
- As competition in the financial services industry intensifies, life insurance companies will be exposed to increased pressures to "pass through" to consumers reduced operating costs. The expenses of labor and other operations vary widely across the country. Thus, companies may be forced to consider cost-saving measures such as decentralizing clerical operations from home office locations in high cost areas. A comprehensive study of present and future labor supplies and other demographic characteristics of the locality will be a key factor in selecting sites for a geographic reorganization.
- Over the next decade, greater attention will need to be devoted to managing "shrinking pains" and "growing pains" in areas of the country that are changing rapidly. For life insurance companies, adjustments in sales projections and recruitment quotas may be called for.
- There is increasing evidence that local governments are turning more to private businesses, citizen groups and foundations to help manage and rebuild America's cities. The "privatization" of services in some locales has led to the placement of volunteers by private businesses in

government operations. Life insurance companies—already large financial supporters of community services and investors in urban landscapes—may be looked to increasingly to aid declining areas. The decrease in population in some localities puts pressure on governments to shift the tax burden to other sources such as businesses to make up lost revenues.

- Traditionally, life insurance is purchased at the time of such life events as marriage, the birth of a child and the buying of a house. The American dream of owning a home has become out of reach for many young families who find the sales price and monthly costs of home ownership higher than they can afford. How will a continuing home affordability gap affect people's perceptions of their financial protection needs and their life insurance purchase behavior? And will those families who do stretch their budget to buy a home seek less costly life insurance products? Can and should, more life insurance companies enter the residential mortgage market in order to build a closer relationship with their clients?
- Over 7 of every 10 householders 65 years and above own their home and many of these are owned free and clear. In developing products and services to help people prepare for their financial needs in retirement, life insurance companies may want to look at how home equity can be tapped in vehicles such as the Reverse Annuity Mortgage.
- The shifting political power base from the North and East to the South and West has implications for political decision-making across the country. Will areas of rapid population change break from traditional political cultures? How will the rising power of the South and West affect Congress and the decisions Congress makes that impact on the life insurance industry?